



Australian Bureau of Statistics

1399.0 - Discussion paper: ABS Pricing Policy Review Outcomes - Public Consultation, 2006

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Summary

Public Consultation

Introduction

Open access to official statistics on the economic, social and environmental condition of a country and its population is an essential element of a democracy. The ABS attaches considerable importance to easy and widespread access by all levels of government, and the community generally, to the statistics it compiles.

This revision of the ABS Pricing Policy has been prompted by the requirement for alignment with new **Australian Government Cost Recovery Guidelines** (Guidelines). The draft revision also reflects the recent move by ABS to make the content of its website accessible free-of-charge via the Internet. The ABS' proposed changes to the pricing policy can be viewed in HTML or by opening the PDF file available for download on the "Details" tab of this product.

Public consultation

Upon completion of reading the "ABS Pricing Policy Review Outcomes - Public Consultation Paper" should you wish to make any comment on the ABS proposals in this paper, please e-mail your comments to the Director, Client Services, paul.sewell@abs.gov.au. They may find the following questions useful when framing your comments

- Are there ABS products and services that you use that are not explained in the policy?
- Do you agree that the ABS has correctly applied the government's Cost Recovery Guidelines?
- Is it clear as to what is being proposed?
- Do you require further clarification about information in the paper?
- Any other comments?

Objectives

ABS Pricing Policy follows the latest guidelines on cost recovery by information agencies, currently contained in the:

Australian Government Cost Recovery Guidelines, July 2005, (Guidelines) and
Australian Government Competitive Neutrality Guidelines for Managers, February 2004 (CNG)

ABS Pricing Policy Review Outcomes

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DIAGRAM

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PROPOSED CHANGES TO ABS PRICING POLICY

EXECUTIVE SUMMARY

The purpose of this paper is to provide the findings of the ABS assessment of the ABS pricing policy against Australian Government Guidelines and to seek public comments on

ABS proposals to ensure compliance with the Guidelines.

Overall the review has determined that the existing ABS Pricing Policy is, with two exceptions, consistent with government policy on cost recovery.

The review has found that the ABS provides:

- A taxpayer funded Basic Information Set (BIS), which includes an extensive range of statistics for the wider Australian community. The BIS is provided free of charge.
- An Additional Information Set that comprises the ABS Supplementary Information Set (SIS) and Commercial Information Set (CIS). Pricing for the SIS comprise dissemination costs and any other costs that the ABS incurs for any further work performed on a BIS product or service, or the creation of a new product.

The review assessed that ABS pricing for commercial products and services has not included all costs that their potential competitors have to bear, and therefore do not comply with the Australian Government Competitive Neutrality Guidelines. The inclusion of these costs will see an increase of about 10% in the prices of these products and services. ABS proposes to include these costs in its commercial prices.

In addition, the ABS partial cost recovery arrangements do not follow the Guidelines as the concept is not supported. However, the ABS intends to seek exemption from the government to continue with the existing partial cost recovery policy.

As a result of a government initiative to make all data on ABS web site free of charge from 12 December 2005, the price of a wide range of ABS products and services has been eliminated. Consequently, there was a considerable increase in the size of the Basic Information Set and a reduction in cost for the majority of the Supplementary Information Set products and services.

The ABS also proposes that ABS services offered under competitive tendering processes, and information and statistical consultancy services that other competitors can provide, be included in the Commercial Information Set.

The ABS proposes that the new ABS pricing policy be implemented on 1 July 2006.

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OUTCOME OF ASSESSMENT OF ABS PRICING POLICY AGAINST GOVERNMENT POLICY ON COST RECOVERY

INTRODUCTION

1 In late December 2002, the Minister for Finance and Administration announced the introduction of an Australian Government cost recovery policy to "heighten the transparency, consistency and accountability of cost recovery by government agencies". Developed in response to a review by the Productivity Commission (PC) into cost recovery by government

agencies, the new Australian Government Cost Recovery Guidelines (Guidelines) require fees and charges set by Government agencies to reflect the costs of providing the products and services. Where full commercial costs should be charged, the revised Australian Government Competitive Neutrality Guidelines for Managers (CNG) are also relevant.

2 As part of the implementation of these Guidelines, the Australian Government is scheduled to review the ABS cost recovery arrangements in 2006-07. This process involves the preparation of a Cost Recovery Impact Statement (CRIS) that addresses the issues discussed in the Guidelines. The CRIS will be reviewed by the government's Expenditure Review Committee.

3 The aim of this paper is to provide clients and other interested parties with the outcome of the assessment of ABS pricing policy against the Guidelines and CNG, highlighting changes that have resulted, or are proposed, from this review. The paper also aims to obtain your views on the assessment of the ABS pricing policy, as part of the community consultation process for the development of the CRIS.

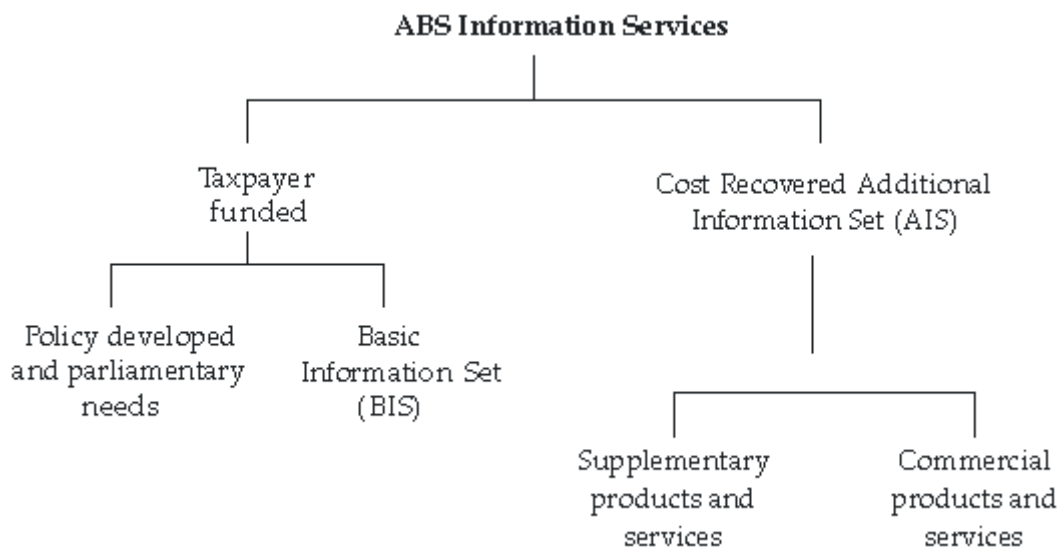
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CLASSIFICATION OF ABS PRODUCTS AND SERVICES USING THE COST RECOVERY GUIDELINES

4 The Guidelines apply when cost recovery arrangements are reviewed, and for all new cost recovery arrangements. The Guidelines provide criteria against which products and services are evaluated to determine whether they should be taxpayer funded or subject to cost recovery from users.

5 ABS has reviewed all of its products and services using these criteria and classified them according to whether they are taxpayer funded or cost recovered, and, if cost recovered, the charging bases to use, as shown in Diagram 1.

Diagram 1 ABS Information Services



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BASIC INFORMATION SET (BIS)

6 The Guidelines stipulated that products and services produced for the wider Australian community should be free. The ABS produces a wide range of statistics that meet these criteria, the majority of which are contained in ABS publications. The criterion for determining the contents of the BIS can be found in Attachment 1.

7 ABS publications have been freely available to the Australian community from libraries for many years. From 12 December 2005 all the content of the ABS web site was made accessible free-of-charge. This includes Main Features, ABS publications (in Hyper Text Markup Language (HTML) or Portable Document Format (PDF) format), Datacubes and Spreadsheets.

8 Table 1 below contains ABS products and services that constitute the BIS.

Table 1: Basic Information Set (BIS), as from 12 December 2005
<ul style="list-style-type: none">• Contents of the ABS web site• LEP support services• National Information Referral Service (NIRS)• Email notification service (web based)

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ADDITIONAL INFORMATION SET (AIS)

9 The Additional Information Set comprises the ABS Supplementary Information Set (SIS) and the ABS Commercial Information Set (CIS). The criteria for determining the contents of the SIS and CIS can be found in Attachment 2.

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SUPPLEMENTARY INFORMATION SET (SIS)

10 The Supplementary Information Set comprises products and services where costs are recovered for:

- a) further dissemination (using additional channels and/or formats) of a product already included in the BIS; or
- b) additional work undertaken to modify or expand taxpayer funded information to meet the demands of a specific client or group and there are no actual or potential competitors for these products and services.

11 Table 2 contains ABS products and services that constitute the Supplementary Information Set (SIS). The major change is that, from 12 December 2005, following the content of the ABS web site being made accessible free-of-charge, the prices of a large number of SIS products and services reduced.

Table 2: Supplementary Information Set Products and Services, as from 12 December 2005

- Content of the ABS web site delivered other than via the site
- Remote Area Data Laboratory services (RADL)/Confidentialised Unit Record Files (CURFs)
- Information and Statistical consultancies - extraction and analysis from Unit Record Files
- Secondary distribution services
- ABS@ service
- Extensions to collection activities under the *Census and Statistics Act 1905* (CSA) funded from non-competitive sources

12 The Guidelines state that charges for SIS products and services that are incurred in the further dissemination of the BIS, should only include direct costs such as labour and materials, and on-costs for labour. Capital and overhead costs should not be included, with the exception of the direct costs of systems which are specifically required to deliver such products and services.

13 In addition to the dissemination charges, costs (direct, indirect, and capital costs) incurred in the modification or expansion of the BIS products and services in SIS, or the creation of new products, should be included in the pricing.

14 As ABS pricing policy for products and services in the SIS already complies with the Guidelines, no change is proposed.

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COMMERCIAL INFORMATION SET (CIS)

15 This category contains those products and services which compete with, or potentially compete with, private sector products and which the private sector can supply relatively easily. This group of products and services is referred to as the Commercial Information Set (CIS). Cost Recovery for CIS is assessed using the Australian Government Competitive Neutrality Guidelines for Managers (CNG). Table 3 contains the ABS suite of commercially costed products and services.

Table 3: Commercial Information Set (CIS) Products and Services, as from 12 December 2005

- ABS services offered under competitive tendering processes
- Information and Statistical consultancy - extraction and analysis from published data sets (reclassified from the SIS)

16 The review assessed that the ABS currently does not comply with the CNG for commercially priced products and services as there are costs to be borne by competitors that are not currently included. These costs are:

- the user cost of capital
- company and payroll taxes
- the incorporation of the costs to purchase the data.

17 The ABS proposes to include the above costs in its future prices for products and

services in the CIS. The ABS has assessed that the inclusion of these costs will increase its CIS prices by approximately 10 per cent.

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OTHER RELATED ISSUES

Training, seminars and user support

18 These products and services may be included in either the BIS or attract SIS or CIS pricing, depending on the nature and intent of the activity.

Inter/intra government charging

19 Although this is not a specific requirement of the Guidelines, the ABS proposes to follow the Guidelines as far as possible in relation to inter or intra government charging. Therefore the current policy of charging government agencies for ABS products and services will continue. However, the ABS proposes that the extra costs involved in the pricing of commercial products and services consumed by government agencies will not apply if the data is to be made publicly available, for example, on their web site or in the National Data Network.

Partial cost recovery arrangements

20 Currently the ABS uses partial cost recovery arrangements for the following activities:

- User funded surveys.
- Statistical units.
- ABS outposted officer program.
- Complimentary services (but rationed) to specific client groups such as those to Australian and state and territory politicians.
- Sector discount (but rationed) arrangements such as those for the Education sector.
- International statistical assistance where it is:
 - sponsored by an international agency
 - provided in countries within the aid policy setting of the government
 - associated with international engagement.

21 Partial cost recovery arrangements are subject to the overall priorities and must meet one or more of the following requirements:

- to extend ABS statistical services
- to maximise access to ABS data by key stakeholders
- to improve statistical education in the community.

22 While such arrangements are outside what the Guidelines recommend, the ABS proposes to seek government endorsement of these ongoing arrangements.

Secondary distribution

23 Secondary distribution pricing arrangements are specifically excluded from the government pricing Guidelines.

24 As it is a cost effective mechanism for the wider distribution of ABS data throughout the community, ABS strongly supports secondary distributors (SDs). SDs distribute or commercialise intellectual property outside the ABS. The primary objectives for using SDs are to expand the use of ABS data, to provide a cost effective way of disseminating ABS statistics and to encourage and promote the use of ABS data in line with the National Statistical Service objectives.

25 However, there are costs for the ABS associated with the management of SDs, both in the storage and supply of data, and in ensuring that SDs observe the ABS's conditions of sale and provide proper advice on the data's fitness for purpose to clients.

26 The prices currently charged to SDs are under review and SDs will be contacted individually to discuss the revised pricing policy in early 2006. The review will be guided, however, by Principle 7 in Attachment 2.

ABS pricing principles

27 A set of guiding pricing principles have been developed to underpin ABS Pricing Policy. These principles are set out in Attachment 3.

Conclusion

28 The ABS approach to cost recovery has been largely consistent with Australian Government policy on cost recovery. The changes discussed in this paper will ensure full compliance with this policy, with the exception of partial cost recovery arrangements, for which the ABS will be seeking the agreement of the government.

Public consultation

29 Upon completion of reading the 'Outcome of Assessment of ABS Pricing Policy Against Government Policy On Cost Recovery' should you wish to make any comment on the ABS proposals in this paper, please e-mail your comments to the Director, Client Services, **paul.sewell@abs.gov.au**

You may find the following questions useful when framing your comments:

- Are there ABS products and services that you use that are not explained in the policy?
- Do you agree that the ABS has correctly applied the government's Cost Recovery Guidelines?
- Is it clear as to what is being proposed?
- Do you require further clarification about information in the paper?
- Any other comments?

The closing date for responses to the paper is the 2nd March 2006.

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MORE INFORMATION

For further information, contact:

- the Director, Client Services
- e-mail: **paul.sewell@abs.gov.au**

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About this Release

The purpose of this paper is to provide the findings of the ABS assessment of the ABS pricing policy against Australian Government Guidelines and to seek public comments on ABS proposals to ensure compliance with the Guidelines.

Explanatory Notes

Glossary

GLOSSARY

AIS

Additional Information Set

BIS

Basic Information Set

CIS

Commercial Information Set

CLIB

Census @ your library (product)

CNG

Australian Government Competitive Neutrality Guidelines for Managers

CRIS

Cost Recovery Impact Statement

CSA

Census and Statistics Act 1905

CURFs

Confidentialised Unit Record Files

LEP

Library Extension Program

NIRS

National Information and Referral Service

PC

Productivity Commission

RADL

Remote Access Data Laboratory

SDs

Secondary Distributors

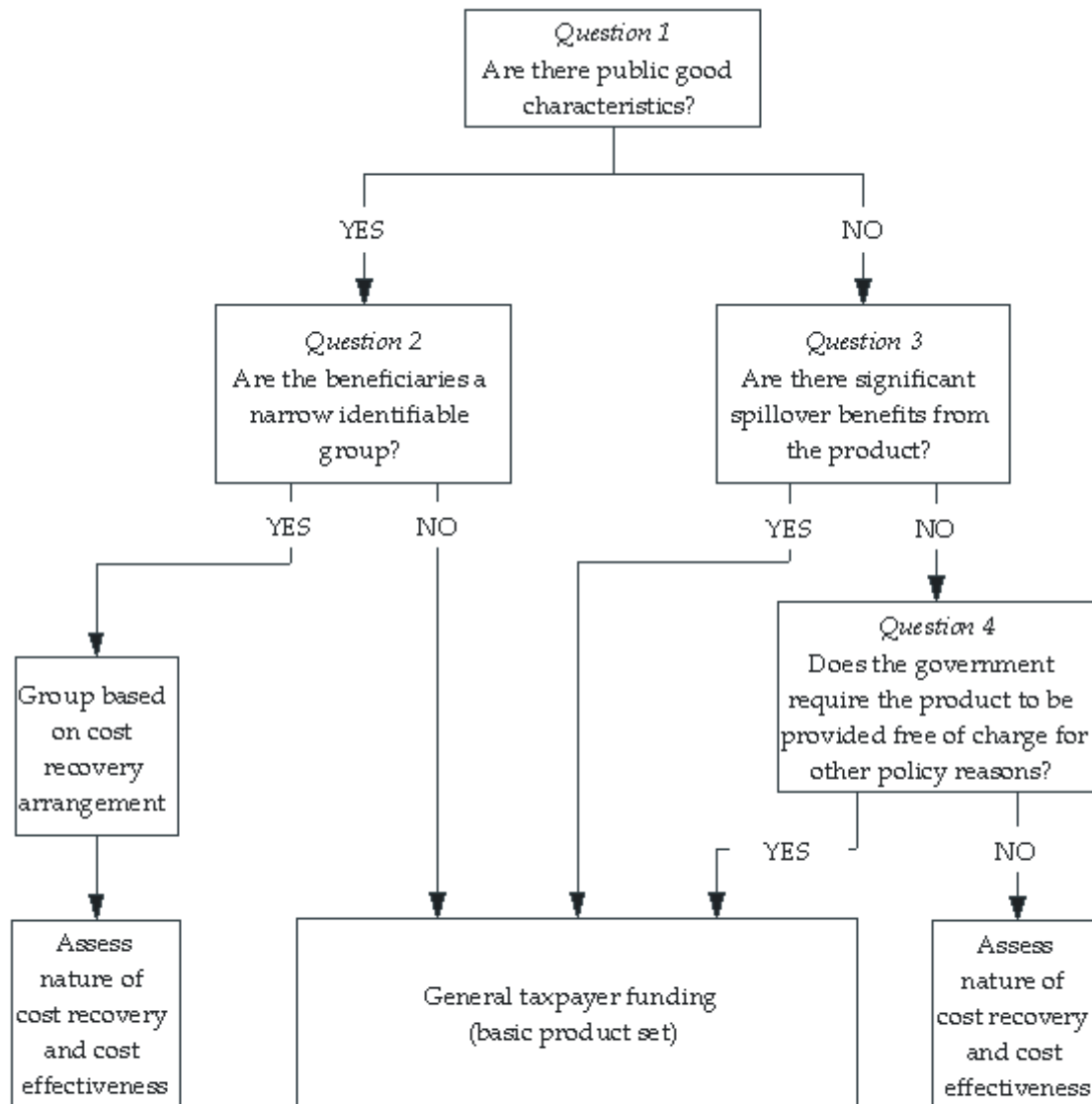
SIS

Supplementary Information Set

Identifying the Content of the Basic Information Set (Appendix)

APPENDIX 1

Identifying the Content of the Basic Information Set



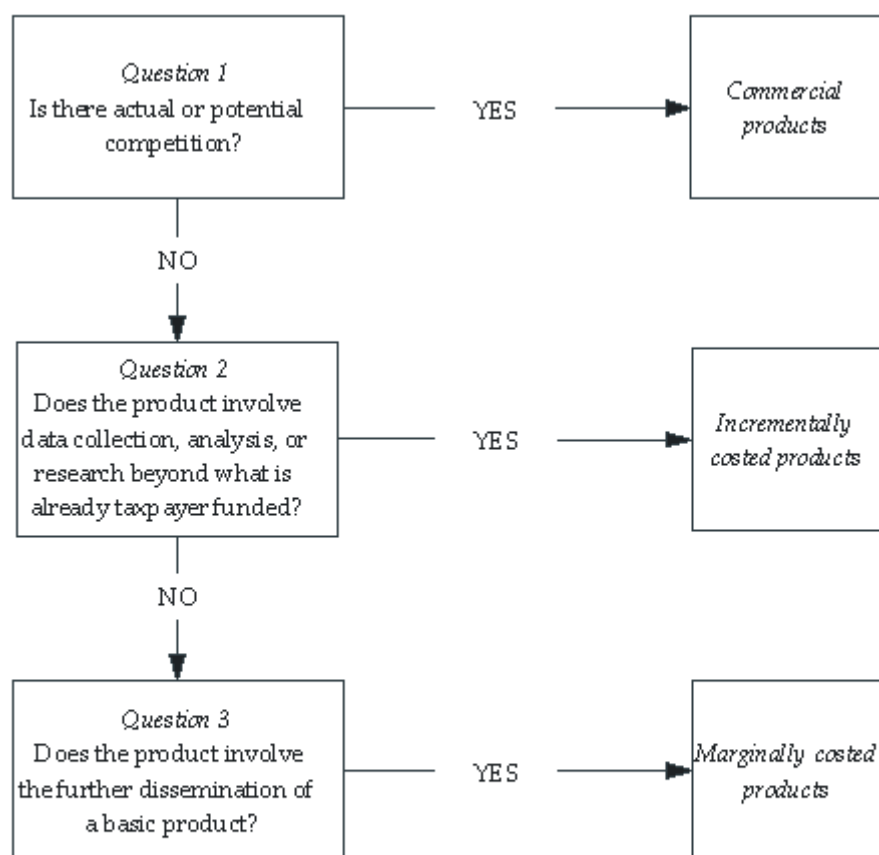
Source: Department of Finance and Administration. Australian government cost recovery guidelines, July 2005, p31

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Accessing the Nature of Cost Recovery for Additional Information Products (Appendix)

APPENDIX 2

Assessing the Nature of Cost Recovery for Additional Information Products



Source: Department of Finance and Administration. *Australian government cost recovery guidelines*, July 2005, p35

Note: Marginally and Incrementally priced products comprise the Supplementary Information Set

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ABS Pricing Principles (Appendix)

APPENDIX 3

ABS PRICING PRINCIPLES

PRINCIPLE 1

ABS is committed to open access to official statistics by all levels of government, and the community generally.

PRINCIPLE 2

ABS will provide free access channels to the Basic Information Set funded by government appropriation.

PRINCIPLE 3

The ABS will recover the costs of accessing the Basic Information Set via non-free access channels (e.g. print on demand) on a marginal cost basis.

PRINCIPLE 4

Where cost effective to do so, the ABS will recover the costs of producing and providing information products and services that are additional to the Basic Information Set, including salaries, operating and capital costs and associated overheads, from users.

PRINCIPLE 5

The ABS will recover the costs of products and services provided in addition to the Basic Information Set, on marginal or incremental cost basis for those which only the ABS can provide (e.g. due to confidentiality considerations), and on a commercial cost basis, for those which may compete with products and services provided by other suppliers.

PRINCIPLE 6

The ABS will set its pricing policy to conform with government Cost Recovery Guidelines and Competitive Neutrality Guidelines, with a view to:

- relieving the general taxpayer of those elements of the cost of the statistical service which have a specific and identifiable value to particular users
- enabling the demand for ABS products and services to be used as one indicator of how ABS resources should be used encouraging users to address their real needs for ABS statistical products
- encouraging users to address their real needs for ABS statistical products.

PRINCIPLE 7

The ABS strongly encourages secondary provision of ABS data, but will recover the cost of dissemination and product creation from on providers of ABS information. It may also recover from them the costs of compliance with licensing conditions.

PRINCIPLE 8

The ABS provides technical assistance to international agencies and other countries. Wherever possible it will use the applicable AusAID pricing schedule, which approximates charging on a marginal cost basis. Exceptions apply in the following situations:

- where the work is tendered in a competitive situation, the ABS will quote on a commercial cost basis
- where international agencies have their own standard rates, the ABS may choose to apply those rates
- where, consistent with the ABS international policy, the ABS may partially recover, or waive, its costs for statistical work associated with international engagement if it is a strategically important initiative that the ABS has decided to support, and/or there are important staff development opportunities.

PRINCIPLE 9

The Australian Statistician or his delegate may, where public interest issues are involved, decide to charge products and services on other bases.

PRINCIPLE 10

In all cases where costs are recovered, the ABS will charge "efficient costs" i.e. the minimum costs necessary to deliver products and services that are fit for purpose.

PRINCIPLE 11

ABS will use simple and cost effective pricing schedules and administrative systems.

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